

CITY OF BELLEVUE
CITY COUNCIL

Summary Minutes of Extended Study Session

June 28, 2004
6:00 p.m.

Council Conference Room
Bellevue, Washington

PRESENT: Mayor Marshall, Deputy Mayor Noble, and Councilmembers Balducci, Chelminiak, Davidson, Degginger, and Lee

ABSENT: None.

1. Executive Session

Deputy Mayor Noble opened the meeting at 6:00 p.m. and announced recess to Executive Session for approximately 45 minutes to discuss one item of pending litigation.

The meeting resumed at 7:30 p.m. with Mayor Marshall presiding. Mrs. Marshall requested Council approval of the revised agenda.

- ➡ Deputy Mayor Noble moved to approve the revised agenda, and Ms. Balducci seconded the motion.
- ➡ The motion to approve the revised agenda carried by a vote of 7-0.

2. Oral Communications

- (a) Susan Harper introduced students visiting from Bellevue's Sister Cities: Jan Janout and Ladislav Pham from Kladno, Czech Republic, and Santa Kadike from Liepaja, Latvia. Ms. Harper introduced Megan Fuller, Issaquah High School and Jared Schrader, Bellevue High School, who will travel to Sister Cities this summer. Kamille Go, an Issaquah student, was not in attendance but is participating in the student exchange program this year as well.
- (b) Bill Pace announced it is harvest time at the Larsen Lake and Mercer Slough blueberry fields. Organic berries are available at the Mercer Slough produce store for the first time this year as well. Mr. Pace contributed berries for the Strawberry Festival this year and enjoyed running into old friends at this event.

- (c) Marty Nizlek, President of the West Lake Sammamish Association, thanked Council and staff for planning efforts related to the West Lake Sammamish Parkway project.
- (d) Greg Patrick thanked staff for preparing and presenting five West Lake Sammamish Parkway project alternatives for consideration. He feels there is strong support among residents for Option 2. Noting staff's preference for Option 5, Mr. Patrick asked Council to review the options with an open mind.
- (e) Carolyn Maxim encouraged Council and staff to consider aesthetics in implementing the Comprehensive Plan and related codes. Speaking to the City's review of the NE 8th Street/Wilburton area, she expressed concern that staff will find it difficult to incorporate aesthetics and design review because the area is zoned as general commercial. Ms. Maxim encouraged a balance between economic development and aesthetics.

Mayor Marshall asked Councilmember Degginger, Council liaison to the Planning Commission, to discuss this issue with the Commission.

- (f) Mark Sussman, President of Sammamish Shores Homeowners Association, thanked the City for the community outreach efforts over the past six months to discuss alternatives for West Lake Sammamish Parkway. He noted the priority of residents to retain the scenic beauty of the roadway in the course of implementing improvements and to minimize any impacts of widening the street.
- (g) Arlene Darby thanked City Attorney Richard Andrews for his years of service to Bellevue and wished him well.
- (h) Claire Petersky, Chair of the Pedestrian and Bicycle Citizen Advisory Group, commended Nancy LaCombe, Transportation Department, for her professionalism and willingness to listen to residents' points of views. She encouraged the City to provide adequate pavement for bicycling, particularly northbound travel, along West Lake Sammamish Parkway. Ms. Petersky expressed support for Option 4 because it provides the best facilities for pedestrians.
- (i) Kathy Putt, Comcast, commented on Agenda Item 3(g). She explained that the City allows Comcast to offset its five percent franchise fee against the six percent utility occupation tax. As a result, Comcast pays the franchise fee plus a one percent utility tax. Ms. Putt noted this stipulation is not included in the franchise agreement approval but will be a part of Council's upcoming budget decisions. She reminded Council that Comcast provides the City's government and educational access channels.
- (j) Chris Monger commended staff's professionalism and public involvement activities associated with planning the West Lake Sammamish Parkway project. He is a bicyclist and prefers to use the bike lane on the west side of the roadway but agrees with the previous speaker regarding the difficulty of bicycling on the other side of the street. Mr. Monger is concerned that bike lanes on both sides of the road will reduce safety and complicate access to the roadway.

3. Study Session

(a) Commendation for City Attorney Richard Andrews' Years of Service

Mayor Marshall read a commendation recognizing City Attorney Richard Andrews' service to the City since 1980. He became City Attorney in 1984. Mrs. Marshall highlighted Mr. Andrews' accomplishments including environmental protection ordinances, pioneering the Traffic Standards Code, coordinating standards for group homes, and formulating regulations to restrain the adult entertainment industry in Bellevue. His leadership includes serving as past president of the Washington State Association of Municipal Attorneys.

Dr. Davidson has enjoyed working with Mr. Andrews since he first served on the Council in 1984. Mr. Chelminiak praised Mr. Andrews' sound legal advice. Mr. Lee thanked Mr. Andrews for always being accessible to Council. Mayor Marshall commended Mr. Andrews' progressive leadership on legal issues. Deputy Mayor Noble thanked Mr. Andrews for his critical role within the City. Mr. Degginger noted Mr. Andrews has taught him how to be a good client. Ms. Balducci appreciates all she has learned from Mr. Andrews.

Mr. Andrews thanked Council, staff, and the community for their visionary perspective and support of his work over the years.

(b) Resolution No. 7041 authorizing the City Manager to notify King County that all contingencies have been satisfied for transfer of ownership of property located at 1440 116th Avenue NE to the City on behalf of all King County cities for purposes of contributing financial assistance for future misdemeanor jail capacity for cities pursuant to the terms of the Property Transfer Agreement.

City Manager Steve Sarkozy said Resolution No. 7041 authorizes the transfer of property on 116th Avenue NE from King County to Bellevue on behalf of all King County cities for purposes of providing financial assistance for future misdemeanor jail capacity. Diane Carlson, Director of Intergovernmental Relations, recalled previous Council discussion of this item.

➡ Mr. Lee moved to approve Resolution No. 7041, and Mr. Noble seconded the motion.

➡ The motion to approve Resolution No. 7041 carried by a vote of 7-0.

(c) 2005-2006 Operating Budget and 2005-2011 CIP Plan

(1) Utilities Department Presentation

Brad Miyake, Utilities Director, introduced Steve Szablya (Chair) and Diane Pottinger (Vice Chair) of the Environmental Services Commission and thanked the Commission for assisting staff in developing the Utilities Department's budget recommendations.

Mr. Miyake said the Utilities Department provides the following programs and services:

- Water maintenance and operations
- Sewer maintenance and operations
- Storm and surface water maintenance and operations
- Utilities improvements
- Fleet and communications services, and
- Solid waste contract management.

The Utilities Department's 2004 operating budget totals approximately \$108 million. Mr. Miyake compared Bellevue's utility rates to neighboring cities noting that water rates fall about in the middle, sewer rates are lower, and storm water rates are higher for residential uses but lower for commercial and multifamily uses. He explained that Bellevue's residential storm water rates are higher because they are based on actual runoff rather than a fixed rate.

Mr. Miyake reviewed the following key budget issues for the Utilities Department:

External

1. King County METRO wastewater costs
2. Cascade Water Alliance
3. Pavement Restoration
4. Stormwater National Pollution Discharge Elimination System (NPDES) permit

Infrastructure needs

5. Renewal and replacement
6. New capital projects

Before describing these in detail, Mr. Miyake said the potential impact of the key issues and rate drivers on a typical residential customer could result in a rate increase of approximately 7.6 percent for 2005 utility bills.

Mr. Miyake recalled discussion with Council in March regarding a proposal by King County METRO to increase wastewater costs by 9.4 percent for 2005. He noted the City can continue to pass these increased costs on to consumers or choose to reduce local programs.

Mr. Miyake explained that the City's water costs for 2005-2006 will be approximately \$1.5 to 2 million lower under the Cascade Water Alliance (CWA) than they would have been under the previous contract with the City of Seattle. He noted alternatives to use the cost savings to offset rate increases in 2005-2006 or to reduce rates in 2005 and implement an 11 percent rate increase in 2007.

Mr. Miyake explained that the City's water costs are fixed under CWA regardless of actual consumption levels. If consumption is lower than anticipated, the City could potentially be in a position of collecting inadequate funds to cover the wholesale water bill. Staff recommends increasing operating reserves by approximately \$3.1 million to address this risk.

Turning to pavement restoration, Mr. Miyake said the Utilities Department installs pavement patches when roads are restored after installing utilities infrastructure. Staff requests funding of \$370,000 per year to meet city code requirements for the grind and overlay program.

The Federal Clean Water Act (FCWA) requires a stormwater NPDES permit at a cost of \$165,000 per year. Staff requests this funding in 2005 if Bellevue wishes to comply with the Act.

The Utilities Renewal and Replacement Program was established in 1995 to establish reserves and maintain rate stability. A recent review of the program indicates Bellevue is ahead of most cities in its renewal and replacement planning and infrastructure assets are expected to last longer than originally anticipated. However, additional findings indicate that replacement costs are understated and some infrastructure items are not included in the program. Mr. Miyake said the estimated additional cost for renewal and replacement needs is \$55,000 per year for water and sewer and \$150,000 per year for storm water.

Mr. Miyake reviewed the following high-priority capital needs: 1) infrastructure replacement, 2) capacity needs in downtown Bellevue, 3) regulatory requirements, and 4) flooding problems. The cost to fund these new projects in the 2005-2011 CIP Plan is estimated at \$450,000 per year for water, \$280,000 per year for sewer, and \$100,000 per year for storm water. Mr. Miyake reiterated that funding these needs would cause an estimated utility bill increase of 7.6 percent for the average customer in 2005.

Mr. Miyake and Assistant Director Nav Ota responded to questions of clarification from Council. Mayor Marshall thanked staff for the presentation and noted that budget alternatives will be discussed over the coming weeks.

(2) 2003 Performance Measures Report

Finance Director Jan Hawn opened discussion regarding 2003 performance measures, noting this is the seventh year of the performance measures program.

Rich Siegel, Performance and Outreach Coordinator, summarized that the City met its targets for most of the “vital sign” performance measures in 2003. Departments met more targets than ever before, despite the continued implementation of cost control measures. The measures indicate continuing improvement in service levels since 1998. Mr. Siegel said the City utilizes performance measures as part of its ongoing effort to meet resident and stakeholder expectations and ensure the most efficient delivery of programs and services. As an example of a performance measure indicating the success of the Development Services Improvement (DSI) initiative, the average number of days for processing building permits decreased from 26.4 in 2001 to 10.4 in 2003.

Mr. Siegel said Bellevue recently received a grant (funded by the Alfred P. Sloan Foundation in New York City) from the National Center for Civic Innovation and is now part of the Government Performance Reporting Demonstration Project. The purpose of the grant project is

to improve dialogue with residents, develop a “Performance Counts” web site, and improve the annual performance report.

Mr. Siegel explained that Bellevue has 16 “vital sign” performance measures. Of the 16, 13 measures met or exceeded performance targets in 2003. Areas rated well by residents include parks and recreation facilities, police and fire services, roads, and overall good services. A small number of negative comments focus primarily on traffic congestion. A majority of residents (92 percent) rate their neighborhood as a good place to live and 80 percent feel they are getting their money’s worth from local government. Mr. Siegel cited Bellevue’s Aaa bond rating with Moody’s as an indication of the City’s financial health. The Police Department exceeded its target of 4.2 minutes for response time to emergencies with an actual average response time of 3.3 minutes in 2003. Similarly, the Fire Department’s 85-percent target for confining fires to the room of origin was exceeded with an actual rate of 93 percent. The cardiac arrest survival rate was on target at 35 percent.

Dr. Davidson commended the professionalism and good work of staff in tracking and reporting performance measures.

Mr. Lee expressed support for the performance measures program. He questioned the correlation between costs and service levels. Mr. Siegel explained that in comparison to other ICMA (International City/County Management Association) cities, Bellevue is in the middle of the range in terms of staffing costs.

Mr. Sarkozy thanked Councilmembers for their support of performance measure reporting.

(3) 2005-2011 General CIP Plan Early Outlook

Joe Guinasso, Assistant Finance Director, introduced Jason Bentosino, Budget Analyst and CIP Coordinator for the City. Mr. Guinasso explained that the early outlook forecast establishes the base for development of the Capital Investment Program (CIP) Plan, reflects projects in the 2003-2009 CIP Plan, and shows funding available for new projects. The preliminary 2005-2011 CIP Plan contains 30 ongoing programs and 52 projects totaling \$167 million over the seven year plan. Approximately \$24 million is available for new projects in the last two years of the plan. Mr. Guinasso noted a downward adjustment of approximately \$1 million annually in projected sales and B&O (Business and Occupation) taxes as well as the loss of transportation funding through the passage of Initiative 776.

Mr. Guinasso recalled Council’s authorization in November 2003 of a \$35 million CIP line of credit for a five-year term. He reviewed three alternatives for addressing this borrowing in the budget process:

- A. Base update – Continuation of 2003-2009 CIP Plan, total borrowing estimated up to \$48 million to be repaid in 2010 with interest expense of \$4.2 million. \$24 million in unallocated funding available for new projects.
- B. Restricts line of credit borrowing to \$35 million with repayment in 2008. Minimizes borrowing costs with an interest expense of \$2.4 million. This option requires project

deferrals from 2005 to 2009 and provides \$27 million in unallocated funding for new projects.

- C. Staff's recommendation – Extends \$35 million line of credit by one year for a six-year term, \$3.1 million in interest expense, and maintains \$27 million available for new projects. The line of credit will be repaid in 2009. Minimizes borrowing costs and provides more steady project delivery than Alternative B.

Mr. Guinasso reviewed the following recommendations for project deferrals under Alternative C:

- 148th Avenue SE/Lake Hills Boulevard – Proposed deferral of one year from 2006 to 2007.
- 124th Avenue NE/Bel-Red Road – Pre-design project; recommend deferral from 2005 to 2008.
- 130th Avenue NE Improvements – Design project; recommend deferral of two years.
- 110th Avenue NE/NE 4th to NE 8th Street – Defer work on west side of street.
- Northup Way Corridor Improvements – Design project; propose deferral from 2005 to 2007.
- NE 10th Street/176th Avenue NE/NE 13th Street – Sidewalk and drainage project. Proposed deferral from 2005 to 2007.
- 140th Avenue NE Pathway Improvements – Proposed delay of two years.
- SE 16th Street Improvements – Proposed construction delay of one year to 2006.
- Forest Drive Improvements – Defer construction of Phase II for one year. Will complete Phase I safety improvements in 2004 and reevaluate Phase II project scope.
- Northup Way/120th to 124th Avenue – Proposed construction delay of two years to 2007.
- Parks renovation and refurbishment – Proposed deferral of major maintenance items from 2004 to 2006.
- Kelsey Creek Stream Restoration – Proposed deferral of project from 2005 to 2009.
- Trail development program – Defer expansion of trail system until 2007.
- Community Development – Meydenbauer Marina to Downtown Link project – Proposed deferral to 2009.
- Neighborhood Investment Strategy – Proposed budget reduction of \$1.5 million for 145th Place sidewalk improvements. Project scope is still being defined and project completion is scheduled for 2006.

Mr. Guinasso said Alternative B includes roughly the same list of recommended deferrals. However, project dates would be pushed further into the future and additional projects would need to be delayed as well. All three alternatives result in a balanced CIP Plan by 2011. Mr. Guinasso said Alternative C provides a more consistent staffing level than Alternative B.

In closing, Mr. Guinasso reviewed four alternatives for funding new projects: 1) wait until funding is available, 2) increase the amount of interim borrowing (line of credit), 3) reprioritize projects currently in the CIP Plan, and 4) pursue additional funding.

Mr. Degginger noted that when projects are deferred, the costs are likely to increase. Mr. Guinasso agreed and confirmed that high inflation factors are not built into the CIP Plan. More accurate estimates are developed over time as projects are addressed and implemented.

Responding to Dr. Davidson, Mr. Sarkozy said the alternatives and project deferrals presented by staff can be discussed in greater detail at Council's upcoming budget retreat. Dr. Davidson noted his preference to avoid borrowing if possible.

Mayor Marshall recalled that the majority of Council voted for the line of credit due to a favorable bidding climate and low interest rates. It will be less expensive to deliver the projects utilizing the line of credit than it would be to defer the projects.

Mr. Chelminiak expressed concern about deferring parks projects because residents clearly value Bellevue's parks and park facilities.

Responding to Ms. Balducci, Mr. Guinasso said recommendations for project deferrals were developed by each department. Transportation Director Goran Sparrman said the transportation projects recommended for deferral are those that can be delayed without incurring significant expenses. With the downsizing of transportation staff, the department prioritized projects based on available staff resources.

Ms. Balducci cautioned against deferring projects in which specific commitments have been made to the community.

Mayor Marshall asked staff to provide a summary project list indicating the phase and status of each project for Council's budget retreat.

(d) Transportation Projects Update

Mr. Sparrman opened staff's discussion of three projects which are partially funded in the CIP Plan.

Nancy LaCombe, Project Manager, discussed the West Lake Sammamish Parkway Pre-Design Analysis Project, noting residents' concerns regarding traffic, pedestrian and bicycle safety, and neighborhood character. Community workshops have been held, and 132 participants attended the last workshop. Project information is available on the Internet. Staff presented alternatives for traffic control locations and treatments at the third workshop in March 2004. Each option was evaluated in terms of its effect on pavement width, noise and air pollution, storm water pollution, and traffic delays during the PM peak period. Participants support adding a traffic signal (and left-turn onto the parkway) at SE 34th Street and prefer an overhead yellow flashing light at SE 26th Street. No change was requested for the intersection at Northup Way.

Ms. LaCombe said the following alternatives were discussed at the fourth workshop in April 2004: 1) maintenance, 2) existing improved, 3) shared multi-use trail on west side, and 4) bike lanes on both sides. The maintenance alternatives provide new overlays to the existing roadway. The second alternative adds two to three feet on the east side of the road to provide a consistent shoulder for the entire parkway and maintains the existing multi-use trail on the west side of the road. Alternative 3 provides the shoulder along the east side of the road and a wider buffer between traffic and the multi-use trail on the west side of the road. Alternative 4 provides four-

foot bike lanes on both sides of the parkway, with buffers, and an eight-foot pedestrian trail along the west side of the road. Residents at the fourth workshop voted on the alternatives and indicated a preference for the bike lane option.

In response to additional concerns and questions from residents, a public forum was held on May 18, 2004, in which 210 citizens attended and 36 provided public comment. Concerns raised by residents related to bikes on the parkway (particularly the east side), water quality, traffic volumes, traffic speeds, neighborhood character, road condition, and resident vs. non-resident concerns.

Ms. LaCombe displayed photos of the parkway to illustrate how the alternatives could be designed. She noted the development of a fifth alternative referred to as modified multi-use which provides an eight-foot trail on the west side of the road, a wider west lane, and a four-foot shoulder on the east side.

Ms. LaCombe reviewed simulated photos of the intersection at SE 34th Street under each of the project alternatives. Residents would like island crossings at four locations: near the Little Store, Weowna Park, Spady (new park) property, and NE Rosemont. Two additional crosswalks are proposed as well. Ms. LaCombe said residents would like the speed limit lowered to 30 miles per hour along the parkway. However, factors such as perceived lane widths and medians can be more effective in lowering traffic speeds than simply lowering the speed limit.

Turning to drainage, Ms. LaCombe explained the flow contributions from Bellevue areas into the lake are quite small; most of what runs off into the lake comes from the Issaquah Alps area and the Sammamish Plateau. Bellevue could act to detain water from the existing roadway, even though not required, but it would have negligible impact on the overall quantity of water entering the lake. However, the City will be required to provide water quality treatment for all options except the maintenance overlay.

Ms. Lacombe reviewed the following preliminary funding estimates for project alternatives and components:

- Maintenance Alternative - \$5 to 6 million
- Existing Improved Alternative - \$16 to 17 million
- Shared Multi-Use Trail - \$23 to 24 million
- Bike Lanes - \$23 to 24 million
- Modified Multi-Use Trail - \$23 to 24 million

- Storm water improvements (required by any increase in the amount of impervious surface) - \$3.5 million
- Storm water easements - \$3.5 million
- Undergrounding overhead Power - \$7 to 9 million
- Illumination - \$1 million

The undergrounding of overhead power would also require a cost of \$5,000 to 10,000 per homeowner for the cost of undergrounding the utility between the street and their home.

Three open house meetings were held this month and votes on the alternatives do not show overwhelming support for any one alternative.

Councilmember Balducci, Council liaison for this project, commended Ms. LaCombe's extensive work and positive rapport with the community.

Responding to Dr. Davidson, Ms. LaCombe said the Maintenance alternative does not trigger water quality requirements. The Existing Improved alternative would widen the road, increasing the impervious surface, and therefore necessitate water quality improvements.

Moving to the NE 24th Street project, Transportation Assistant Director David Berg said this project is partially funded for construction. Two open houses and two workshops have been held with the community to plan this project. As a result of the April 2004 open house, 93 percent of residents who voted expressed a preference for the recommended preferred alternative. Interim improvements have been implemented in the form of walkways and bus stop landings in early 2004 and an all-way stop to be added in July at 126th Avenue NE. The project is divided into east and west segments. Residents are in favor of medians and landscaping buffers as traffic-calming elements for the roadway.

Mr. Berg said approximately \$1.4 million is budgeted for the project. However, the full project estimate is nearly \$4 million. Staff is focusing on a section of the higher-priority east segment with current project funding.

Deputy Mayor Noble said the neighborhood is pleased with public outreach activities on this project and staff's responsiveness to residents.

Mr. Berg explained that the 119th Avenue SE project in Newport Hills was established to conduct public involvement to refine the scope of improvements needed, design a preferred alternative, possibly construct the initial phase, and refine construction costs during the design process. A survey of residents in July 2003 indicated concern regarding the narrow roadway, strong support for sidewalks, and majority support for bike lanes. The most important features desired were sidewalks, underground utilities, and bike lanes. More than 50 residents attended a December 2003 open house and questionnaires reflected a continued, but decreased, interest in sidewalks. Residents are concerned that the addition of bike lanes will widen the roadway appearance and thereby result in increased traffic speeds. Additional concerns address impacts to property frontage, on-street parking, keeping project costs down, and preserving the rural character of the area.

Staff met with both the Newport Heights Community Association and Newport Hills Community Association and developed some scaled-back options for consideration during a March 2004 open house. Of 80 residents who completed questionnaires, 50 prefer five-foot sidewalks on one side of the road only, 11-foot vehicle lanes, and a 6-foot paved shoulder, and 17 prefer sidewalks on both sides of the road as well as 11-foot vehicle lanes. A June survey was mailed to 1,936 households, and 206 surveys were returned. Of these, 70 percent favor a sidewalk on the east

side of the road only, 11-foot vehicle lanes, and a 6-foot paved shoulder on the west side of the road.

Mr. Berg responded to brief questions of clarification.

- ➡ Deputy Mayor Noble moved to extend the meeting to 10:30 p.m., and Mrs. Marshall seconded the motion.
- ➡ The motion to extend the meeting to 10:30 p.m. carried by a vote of 7-0.

(e) King County Library System – Upcoming Capital Replacement Bond

Bill Ptacek, Director of King County Library System, introduced Library Board Members Scott Leonard, Chair, and Cece Teddy. Representatives of Bellevue Friends of the Library and branch libraries were also in attendance.

Mr. Ptacek noted a library replacement bond measure will be on the September ballot. He showed a video summarizing the objectives of the bond measure and the many resources available through the libraries. The replacement bond will cost each household approximately \$25 per year and must be approved by at least 60 percent of voters. Mr. Ptacek said the King County Library System is the second-busiest in the United States. The bond will fund expanded meeting space and parking facilities at Bellevue Regional Library, replacement of Lake Hills Library, and improvements at other branch libraries. The bond replaces a previous bond measure and will not cause a tax increase.

Mr. Ptacek asked Council to consider a resolution of support for the library bond measure.

(f) City's Insurance Requirements for Contracts

Jocelyn Mathiasen, Assistant to the City Manager, recalled previous discussions regarding the City's contracting policies and Council's interest in further information regarding contract-related insurance requirements.

Finance Director Jan Hawn explained that an internal review of insurance requirements and a comparison to other cities indicated a wide range of practices. As a result, ARM Tech was hired to conduct an independent review of the City's contracting insurance requirements and develop recommendations. Current insurance requirements are \$1 million in general liability coverage, \$1 million for automobile liability, statutory workers' compensation coverage, and \$1 million in errors and omissions coverage.

ARM Tech interviewed key staff from operating and support departments, contacted other Washington public entities, and reviewed the City's standard insurance requirements. They are now reviewing a portion of the City's open contracts. The City enters into approximately 1,600 contracts per year. An average of five claims are filed against the City annually related to contractor activities with an average annual loss of \$84,000 covered by contractors' insurance. This average is due in part to a recent claim of \$156,000.

Primary findings are that the City's insurance requirements are practical and provide prudent protection to the City. The City's pollution and asbestos coverage requirements are more aggressive than peer jurisdictions, however. The review recommends that actual levels and types of insurance should be based on the City's risk tolerance and how it chooses to balance risk against other business considerations. Current insurance levels are in line with similar organizations, although some levels are higher than the norm. ARM Tech recommends the City update and streamline its insurance requirements and develop detailed written guidelines to assist department staff.

Ms. Hawn said staff will continue working with ARM Tech to develop written guidelines and to develop a process for special circumstances. Staff plans to discuss the revised purchasing code with Council in August.

Councilmember Degginger noted the absence of recommendations regarding specific insurance levels for design, construction, and professional services contracts. Responding to Mr. Degginger, Ms. Hawn said the City requires contractors to submit certificates of insurance and staff verifies insurance coverage.

In further response to Mr. Degginger, Ms. Mathiasen said staff is working to streamline the contract approval process. The City's Risk Manager, Joanne Nicolai, currently spends a great deal of time reviewing contracts, and staff is exploring options to delegate review of standard, routine contracts to department staff.

Mayor Marshall thanked staff for presenting the preliminary findings.

- At 10:28 p.m., Deputy Mayor Noble moved to extend the meeting to 11:00 p.m. Mrs. Marshall seconded the motion.
- The motion to extend the meeting to 11:00 p.m. carried by a vote of 6-1, with Dr. Davidson dissenting.

(g) Comcast Cable TV Franchise Renewal and BTV Budget Update

Mr. Sarkozy recalled previous discussions with Council regarding the Comcast cable television franchise renewal. He reviewed three key policy issues for Council consideration. The first is whether the franchise agreement should provide Council with the ability to request a \$450,000 capital contribution from Comcast for BTV. The capital contribution would be recovered by Comcast through a maximum monthly charge of 25 cents on subscriber bills.

Responding to Mr. Lee and Dr. Davidson, Franchise Manager David Kerr said the original equipment was purchased 10 years ago with money from the General Fund. The expiring franchise agreement included a provision to allow the collection of a \$1 per month PEG fee but it has never been charged to customers.

Responding to Ms. Balducci, Mr. Kerr confirmed the 25 cent monthly charge would be charged for a five-year term.

Mayor Marshall noted Council support of this provision.

Mr. Sarkozy said the second policy issue is whether the City should grant Comcast the indefeasible right of use for City-owned conduit and pathway for the relocation of the I-Net facilities from the current City Hall to the New City Building location in exchange for a one-time payment of \$43,000.

Mayor Marshall noted Council support of this provision.

The third policy issue is whether the City should enter into a Memorandum of Understanding Pertaining to the Application of Cable Franchise Fees to Certain Tax Obligations, which extends the utility tax offset in the existing cable TV franchise agreement until December 31, 2004. Mayor Marshall indicated Council will address this issue in its ongoing budget discussions.

Staff indicated Council will be asked to approve the franchise renewal in the near future.

(h) Regional Issues

Diane Carlson, Director of Intergovernmental Relations, recalled the creation of the King County Task Force on Regional Human Services in February to review health and human services and provide strategic recommendations for stabilizing, improving, and maintaining the system for the future. She requested Council direction regarding the Draft Regional Human Services Task Force Interest Statement provided on page 8 of the Regional Issues packet. Emily Leslie, Human Services Manager, briefly reviewed key principles in the interest statement.

Mr. Chelminiak raised the issue of the appropriate role of the county and cities in providing human services. Mr. Noble said the task force is addressing this issue. However, there are no city elected officials on the task force.

Dr. Davidson feels there should be some connection between human services and any funding sources identified in the future to support these services. He would prefer that solid waste revenues, for instance, not be used for human services. Deputy Mayor Noble spoke against addressing this specifically in the interest statement. While he agrees about not using solid waste revenues, he does not want to rule out certain resources, such as sales taxes, as potential funding sources.

Alison Bennett, Utilities Policy Program Manager, noted packet information regarding watershed planning and the Endangered Species Act. Dr. Davidson is Council's representative on the WRIA 8 Steering Committee and the WRIA 8 Forum. The steering committee is working on a draft WRIA 8 Salmon Conservation Plan, which will be reviewed with the WRIA 8 Forum and the Shared Strategy Development Committee.

Moving on, Ms. Carlson noted page 14 of the Regional Issues packet and briefly reviewed staff's recommendation that the City participate in a group promoting legislative action to implement and mitigate the national Streamlined Sales Tax Agreement, which was developed to simplify sales tax systems for online retailers to collect taxes.

Mayor Marshall noted Council consensus to participate in the coalition to support the implementation of sourcing provisions of the Streamlined Sales Tax Agreement and identify mitigation measures for local jurisdictions.

(i) Council New Initiatives

No new initiatives were introduced.

At 10:59 p.m., Mayor Marshall declared the meeting adjourned.

Myrna L. Basich
City Clerk

kaw